



## Japan Fact Sheet

### Japan Overview

Japan is Hawai'i's largest international market and dynamic plans are being launched to grow interest in our islands. Hawai'i continues to thrive in an increasingly competitive travel environment. Instead of dropping prices and standards, HTJ is elevating its strategy. The organization is coming up with unique marketing campaigns to draw in new corporations to promote Hawai'i. They also nurture established travel partners in Hawai'i and Japan to ensure Hawai'i remains a preferred vacation destination for Japanese travelers.

### June 2017 Quick Facts<sup>1</sup>

Visitor Expenditures: \$1,061 million  
 Primary Purpose of Stay: Pleasure (605,121) vs. MCI (58,490)  
 Average Length of Stay: 5.88 days  
 First Time Visitors: 37.4%  
 Repeat Visitors: 62.6%

JAPAN MMA (by Air)	2015	2016P	% Change 2016P vs 2015	2017 Forecast	% Change 2016P vs 2017 Forecast	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
Visitor Expenditures* (\$ Millions)	2,052.7	2,098.9	2.3%	2,252.5	7.3%	1,061.0	933.6	13.6%
Visitor Days	8,685,616	8,715,691	0.3%	8,997,869	3.2%	4,340,826	3,969,743	9.3%
Arrivals	1,482,304	1,488,396	0.4%	1,536,176	3.2%	737,629	689,722	6.9%
Per Person Per Day Spending* (\$)	236.3	240.8	1.9%	246.6	2.4%	244.4	235.2	3.9%
Per Person Per Trip Spending* (\$)	1,384.8	1,410.2	1.8%	1,466.3	4.0%	1,438.4	1,353.6	6.3%
Length of Stay (days)	5.86	5.86	-0.1%	5.86	0.0%	5.88	5.76	2.2%

\*Excludes supplemental business spending

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<sup>1</sup> 2016 and 2017 data are preliminary.

## Market Summary

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- In 2016, growth in arrivals from Japan was flat (+0.4%) at 1,488,396 visitors. Higher daily spending (+1.9% to \$241 per person) contributed to a 2.3 percent increase in visitor expenditures to \$2.1 billion.
- Through June 2017, arrivals rose (+6.9%) to 737,629 visitors. There were also increases in daily spending (+3.9% to \$244 per person) which contributed to a 13.6 percent growth in visitor expenditures to \$1.1 billion.
- For 2016, 97% of Japanese visitors went to O'ahu, 10% visited the island of Hawai'i, 4% visited Maui county and 2% visited Kaua'i. Through June 2017, 96% of Japanese visitors went to O'ahu, 11% visited the island of Hawai'i, 4% visited Maui county and 2% visited Kaua'i.
- In 2016, 30 percent Japanese visitors were FIT who made their own travel arrangements. This was up from 28 percent FIT visitors in 2015. Through June 2017, the percent of Japanese FIT visitors is at 32 percent.
- In 2016, 38.0% of Japanese visitors were first timers to Hawai'i. Through June 2017, 37.4% of Japanese visitors were first timers to Hawai'i.
- For 2016, air capacity from Japan dropped 5.8 percent from 2015 to 1,835,718 seats primarily due to the aircraft changes. Through June 2017, air seats from Japan rose 7.7 percent to 971,845 seats with the mixture of additional charters, new and changes in routes. There are currently 19 regularly scheduled flights out of Japan to Honolulu daily, totaling 5,259 daily seats.

## Market Conditions

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- Japan is a mature market with avid travelers who value quality over quantity and continues to hold high demand for Hawai'i with approximately 9% of all outbound travel from Japan choosing Hawai'i. Sixty percent of the travelers are also repeat visitors to Hawai'i.
- Japan's economy remains on a moderate path to recovery with unemployment at 3.1% and the exchange rate stabilizing approximately 112 JPY to USD.
- Japan continues to place emphasis on its growing inbound travel with preliminary visitor arrivals at 24 million in 2016, a 21.8% increase compared to 2015 while Japan outbound travel shows moderate gain of 5.6% at 17.1 million. However, Ministry of Foreign Affairs revealed there is a growing interest in overseas travel with 15.2% increase in the number of Japanese passports issued in 2016.
- Competitive destination efforts remain strong. Many destinations working to attract Japanese tourists are implementing various initiatives to further educate its destination and appeal to target demographics. Some of the examples include recovery of Japanese visitors to South Korea (Japan visitors growing by 24.8% to 2.29 million people in 2016), Singapore's effort in growing MICE business and memorandum of understanding between Japan and Australia Tourism. Other destinations are also beginning to introduce campaigns that are similar to Hawai'i via social media platform and the use of virtual reality videos.
- Hawai'i remains the number one outbound travel destination for Japanese weddings which has grown 20% over the last 5 years at 66.6% with average spending of over 2 million yen (\$20,000 USD) due to many consumers' strong desire to hold their wedding ceremony aboard.
- The overall trend in airline seat category for the Japan market is shifting to higher-end economy which reduces the number of seats for each aircraft, however, allows higher yield to airlines. Fuel surcharges of 4,000 yen to remain for tickets purchased between August and September.
- Airlift for Japan market is increasing. AirAsia X launched four-times weekly service from Kuala Lumpur to Honolulu via Osaka in June. Japan Airlines will relaunch its direct flight between Kona

and Narita effective September 15. Additional charter flights will be offered by multiple airlines to support the peak summer travel season.

- Collaboration with industry partners for HTJ's campaign, Gohoubi Hawai'i, continues. Some examples include partnership with Japanese sushi chain Sushiro; Konica Minolta Planetarium Theaters featuring new Hawai'i Island program and FIRST AIRLINES virtual experience trip attraction featuring Hawai'i .
- For the Millennial initiative VEBOSS, Hawai'i themed cardboard VR goggles and island VR videos have been developed. The goggles will be used as a RV experiential tool at various travel agencies and events.
- Neighbor island promotion effort continues. Examples of neighbor island promotions include working with Hawaiian Airlines to push Haneda-Kona direct flight as well as increasing awareness in second tier cities; development of island specific guidebooks in Japanese; influencer press tours in spring; collaboration with Konica Minolta Planetarium in featuring Hawai'i Island stars and sceneries and promotion of the luxury market.
- Launch of direct air service to Kona and increase in scheduled flights and charters for the first six months of the year had contributed in growth in Japan market's spending and arrivals.

## Visitor Statistics

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\*Excludes supplemental business spending

## Distribution by Island

JAPAN MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
O'ahu	0.4%	1,436,749	1,442,749	709,954	668,920	6.1%
Maui County	-9.7%	61,003	55,096	27,729	28,201	-1.7%
...Maui	-8.1%	58,941	54,177	27,168	27,629	-1.7%
...Moloka'i	-28.6%	1,967	1,405	1,193	945	26.3%
...Lāna'i	-16.1%	1,301	1,092	907	512	77.2%
Kaua'i	-11.0%	25,702	22,868	12,491	11,140	12.1%
Island of Hawai'i	1.5%	140,634	142,754	82,542	64,972	27.0%

## Airlift

	2017					2016					2017 vs. 2016 (%)				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
JAPAN	485,476	473,812	504,138	456,128	1,919,554	449,735	452,661	470,817	462,505	1,835,718	7.9%	4.7%	7.1%	-1.4%	4.6%
Fukuoka	14,690	15,820	19,888	14,916	65,314	14,916	14,690	16,950	15,127	61,683	-1.5%	7.7%	17.3%	-1.4%	5.9%
Nagoya	36,651	37,070	42,898	36,628	153,247	45,204	44,315	41,777	36,778	168,074	-18.9%	-16.3%	2.7%	-0.4%	-8.8%
Osaka	77,395	71,865	76,352	68,080	293,692	77,822	79,873	74,860	73,442	305,997	-0.5%	-10.0%	2.0%	-7.3%	-4.0%
Sapporo	10,101	10,101	10,101	10,360	40,663	10,101	10,101	10,360	10,101	40,663	0.0%	0.0%	-2.5%	2.6%	0.0%
Tokyo HND	96,332	95,082	93,357	92,644	377,415	76,531	78,195	72,548	75,159	302,433	25.9%	21.6%	28.7%	23.3%	24.8%
Tokyo NRT	250,307	243,874	261,542	233,500	989,223	225,161	225,487	254,322	251,898	956,868	11.2%	8.2%	2.8%	-7.3%	3.4%

Source: Diio Mii airline schedules

## Group vs. FIT; Leisure vs. Business

JAPAN MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
Group vs FIT						
Group tour	349,244	320,024	-8.4%	149,950	164,010	-8.6%
True Independent	410,272	442,362	7.8%	238,398	180,809	31.9%
Leisure vs business						
Pleasure (Net)	1,196,852	1,206,032	0.8%	605,121	552,478	9.5%
MCI (Net)	111,568	132,005	18.3%	58,490	67,239	-13.0%
Convention/Conf.	23,741	18,710	-21.2%	8,492	9,224	-7.9%
Corp. Meetings	3,098	2,944	-5.0%	2,873	1,449	98.3%
Incentive	86,469	111,712	29.2%	48,232	57,324	-15.9%

## First Timers vs. Repeat Visitors

JAPAN MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
1st timers (%)	39.3	38.3	-2.7%	37.4	40.6	-3.2
Repeaters (%)	60.7	61.7	1.7%	62.6	59.4	3.2

## Tax Revenue

JAPAN MMA (by Air)	2015	2016P	% Change 2016P vs 2015	YTD Jun. 2017P	YTD Jun. 2016P	% change YTD
State tax revenue generated* (\$ Millions)	218.61	245.00	12.1%	123.84	108.98	13.6%

\*State government tax revenue generated (direct, indirect, and induced)

## Industry

### Major Tour Operators

The table below shows the current top tour operators in Japan in relation to market share. This is based on total numbers of arrivals to Hawai'i.

- JTB
- JALPAK
- H.I.S.
- Kintetsu
- Nippon Travel Agency
- Hankyu Travel International Co., Ltd.
- Toptour Corporation
- ANA Sales Co., Ltd.
- R&C Tours